



บริษัท สหกรณ์ประมูล จำกัด (มหาชน) Union Auction Public Company Limited

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Registration No. 0107555000341

AUCT-OP 010/2022

13 May 2022

Subject: Management Discussion and Analysis for the 1st quarter of 2022, ended 31 March 2022

To: The President of the Stock Exchange of Thailand

Union Auction Public Company Limited (“the Company”) would like to submit the financial statements for the 1st quarter 2022 ended 31 March 2022. They were reviewed by the Company’s external auditor together with the explanation of the Management Discussion and Analysis for the Company’s operating results as follows:

The performance of the 1st quarter of 2022

(Unit: Million Baht)

Statement of Comprehensive Income	The 1 st quarter of			4Q/2021	%QoQ
	2022	2021	%YoY		
Revenue from services	207.28	236.66	(12.4%)	238.11	(12.9%)
Other revenues	0.83	0.48	40.7%	3.38	(75.4%)
Total revenues	208.11	237.14	(12.3%)	241.49	(13.8)
Cost of services	(109.34)	(106.53)	(2.6%)	(103.56)	(5.6%)
Gross profit	97.94	130.13	(24.7%)	134.55	(27.2%)
Gross profit margin (%)	47.2%	55.0%	(7.7%)	56.5%	(9.3%)
Sales, service and administrative expenses	(36.39)	(38.15)	4.9%	(29.88)	(21.8%)
Profit before financial cost and income tax	62.37	92.46	(32.6%)	108.06	(42.3%)
Financial Cost	(5.71)	(5.84)	2.2%	(5.67)	(0.7%)
Income tax	(11.45)	(17.62)	35.1%	(20.87)	44.5%
Net profit	45.21	69.00	(34.5%)	81.52	(43.9%)
Net profit margin (%)	21.7%	29.1%	(7.4%)	33.8%	(12.0%)
Other comprehensive income:					
Actuarial profit(loss)-net of income tax	-	-	0.0%	(3.05)	100.0%
Comprehensive income for the period	45.21	69.00	(34.5%)	78.47	(42.4%)

Remarks: %YoY is the rate of change compared to the previous year and %QoQ is the rate of change Compared to the previous quarter.

Total revenues

The Company's total revenues for the 1st quarter 2022 were 208.11 million Baht decreased by 29.03 million Baht or 12.3% compared with the 1st quarter 2021, due to the impact of measures to help debtors and the strictness of the loan of financial institutions a few periods ago, which resulted in the volume of seized vehicles flowing into the auction process has decreased. However, in the 1st quarter 2022 the Company has additional revenue from other auctions such as the arranged radio frequencies auction to the NBTC and the arranged charity auction of golfers' equipment at Honda LPGA Thailand 2022. In addition, the Company also has revenue from transportation service after sales which customers were more interested in using the service accordingly.

Revenue from services is consists of:

(Unit: Million Baht)

Revenue from services	The 1 st quarter of			4Q/2021	%QoQ
	2022	2021	%YoY		
1) Revenue from auctions	177.96	209.62	(15.1%)	204.37	(12.9%)
2) Transportation fee income/ additional service	29.32	27.04	8.4%	33.74	(13.1%)
Total	207.28	236.66	(12.4%)	238.11	(12.9%)

Cost of services

The cost of services in the 1st quarter of 2022 is equal to 109.34 million Baht increased by 2.81 million Baht or 2.6% compared with the 1st quarter of 2021 mainly due to the cost of organized radio frequencies auction to the NBTC and the cost of car moving after the sale which is the company's additional service has increased.

Gross profit

The gross profit in the 1st quarter of 2022 is equal to 97.94 million Baht decreased by 32.19 million Baht or 24.7% compared with the 1st quarter of 2021. The mainly caused was a decreased success rate while most of the service costs are fixed costs.

Sales, service and administrative expenses

The expenses of sales, services, and administrative in the 1st quarter of 2022 is equal to 36.39 million Baht decreased by 1.76 million Baht compared with the 1st quarter of 2021. In the 1st quarter of 2021, the Company continually controls and reduces expenses in accordance with the situation such as advertising fees and cash transportation fees, etc.

Finance cost

The financial cost in the 1st quarter of 2022 is equal to 5.71 million Baht decreased by 0.13 million Baht or 2.2% compared with the 1st quarter of 2021. The finance costs are calculated by discounted interest in the lease liability recognized at the present value of the lease payable over the term of the lease without actual interest payments.

Net Profit

The Company's net profit in the 1st quarter of 2022 was 45.21 million Baht decreased by 23.79 million Baht or 34.5% compared with the 1st quarter of 2021 due to the decrease in total revenue as above mentioned.

Statement of Financial Position and Financial Ratio

(Unit: Million Baht)

Statement of Financial Position	31 March 2022	31 December 2021	%YoY
Total Assets	2,029.14	1,825.55	11.15%
Total Liabilities	1,444.61	1,286.23	12.31%
Owner's Equity	584.53	539.32	8.38%
Unappropriated Retained Earnings	249.28	204.07	22.15%
ROA (%)	16.03	19.15	
ROE (%)	40.06	48.99	
D/E (time(s))	2.47	2.38	

The total assets as of 31 March 2022 were 2,029.14 million Baht increased by 203.59 million Baht and the total liabilities were 1,444.61 million Baht increased by 158.38 million Baht compared with the balance as of 31 December 2021. The mainly causes are the additional of fixed deposit and the usual increase in receivables of the auction cycles including the adjusting of rental area contract at the head office to suit the business. The matter resulted in the rights of use assets were increased, the return on assets ratio (ROA) and the return on equity ratio (ROE) were decreased while the debt to equity ratio (D/E) were increased.

The total shareholders' equity is equal to 584.53 million Baht increased by 45.21 million Baht from 31 December 2021 according to the net profit of the 1st quarter of 2022.

Cash Flows Statement

(Unit: Million Baht)

Cash Flows Statement	For the 3 months period			
	2022	2021	Difference	%YoY
Net Cash Flows from Operating Activities	100.86	146.89	(46.03)	(31.34%)
Net Cash Flows (used) in Investing Activities	(56.50)	(121.94)	65.44	(53.67%)
Net Cash Flows (used) in Financing Activities	(18.35)	(16.03)	(2.32)	14.47%
Cash Increase (Decrease)	26.00	8.92	17.08	191.48%
Beginning Cash	167.50	193.36	(25.86)	(13.37%)
Ending Cash	193.50	202.28	(8.78)	(4.34%)

For the year 2022, the Company had net cash flow from operating activities in the amount of 100.86 million Baht decreased by 46.03 million Baht and net cash flow used from investing activities were 56.50 million Baht increased by 65.44 million Baht from the year 2021 which most of them are still cash paid for investing in land, building, and equipment

development according to the business development plan of the Company. The net cash flow used in financing activities arose from the payment of land rent under the lease agreement. The remaining ending cash equal to 193.50 million Baht decreased by 4.3% from the same period of 2021. However, the Company has still a stable financial position and high liquidity as well as having sufficient access to a variety of funding sources

Business trends

In 2022, there are good signs in the investment of used car trading platforms by foreign. The other positive factors supporting are the declaration of Covid-19 as an endemic disease and the open country policy to relax lockdown measures by the government including continuous economic stimulus measures to help people, entrepreneurs, and those impacted by Covid-19. On the other hand, there are negative factors that affected to car business from shortages of electronic components cost increases and the issues of armed conflict between Ukraine and Russia which impact the higher oil prices. Consumers are also concerned about the high cost of living and more careful spending. The confidence index dropped in March resulted in used car prices have begun to decline according to the economy in the first quarter that still recovered slowly. However, new car sales increased 19.1% in the 1st quarter of 2022 compared with the same period of 2021 means that the demand for cars is still be in a good level which is a positive sign for the car business. The company has a business plan and always adjust every aspect for preparing especially in various technologies related to online auctions which has been well received by both buyers and sellers. In addition, the Company has gained confidence and trust from business partners resulting in the Company's market share continued to increase.

Please be informed accordingly.

Yours sincerely,

=Varunyoo Sila=

(Mr. Varunyoo Sila)

Director and Chief Executive Officer

Authorized signatory

Company Secretary/ Investor Relations

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